GOVERNMENT OF INDIA
RURAL DEVELOPMENT
LOK SABHA

STARRED QUESTION NO:334
ANSWERED ON:14.08.2001
FINANCIAL IRREGULARITIES BY PANCHAYATI RAJ INSTITUTIONS
BHARTRUHARI MAHTAB

Will the Minister of RURAL DEVELOPMENT be pleased to state:

(a) whether any mechanism has been formulated to look into the utilisation of funds provided to the Panchayatiraj institutions;

(b) if so, the details thereof;

(c) whether a large number of financial irregularities by these institutions have come to the notice of the Government during the last three years and till date;

(d) if so, the details thereof, State-wise; and

(e) the steps taken by the Government to ensure proper utilisation of the funds and bring the culprits to book?

Answer

MINISTER OF RURAL DEVELOPMENT (SHRI M. VENKAIAH NAIDU)

(a) to (e): A Statement is laid on the Table of the House.

Statement referred to in reply to the Lok Sabha Starred Question No.334 due for reply on 14/08/2001

The Government of India has approached the State Governments, from time to time, to issue necessary instructions to empower Gram Sabhas, to ensure enforcement of peoples` right to information and to provide access to records of works being executed by the Panchayati Raj Institutions. The State Governments have also been advised to adopt a four-pronged approach, viz public awareness regarding programmes which are being implemented, transparency, participation of rural people in execution of works and Social Audit by the Gram Sabhas. In addition, there are Vigilance and Monitoring Committees to supervise the execution of the works of Rural Development Schemes.

Some complaints relating to financial irregularities by the Panchayati Raj Institutions have been received at the Central level. Panchayati Raj being a State subject the same were immediately referred to the concerned State authorities for taking requisite action, as per the State Panchayati Raj Act and other relevant laws/rules existing in the States.

The following steps have been taken by the Government of India to ensure proper utilization of funds : -

(i) Detailed instructions have been issued for conduct of Social Audit by the Gram Sabha.

(ii) Constitution of Vigilance and Monitoring Committees at the Block, District and State levels.

(iii) Insistence on Certificate of Non-diversion of funds from the District Authority before release of Second Instalment of the Central share of funds.

(iv) Field visits by the officials of the Ministry under the Area Officers Scheme.

(v) On the spot physical verification of the assets created, by the District and the State authorities.

The recommendation of the Eleventh Finance Commission that the Comptroller and Auditor General of India (C&AG) may be entrusted with the responsibility of exercising control and supervision over proper maintenance of accounts and their audit for all the tiers/levels of Panchayats has been accepted by the Central Government. The Commission also recommended that the Gram Panchayats, which do not have exclusive staff for maintenance of accounts, may get the work done, on contract basis, for which each Gram Panchayat can spend an amount of Rs.4000/- per annum. This recommendation has been accepted and an amount of Rs.9860.72 lakhs set apart for maintenance of accounts of Gram Panchayats and Intermediate Panchayats. The Report of the C&AG relating to Audit of Accounts of the Panchayats is to be placed before a Committee of the State Legislature constituted on the same lines as the Public Accounts Committee.

The Ministry of Rural Development are actively pursuing the question of empowerment of Gram Sabhas in order that greater accountability and transparency in the working of Panchayats can be effected as early as possible.